

## Message Text

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PAGE 01 HELSIN 01904 290748Z

15

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /103 W

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R 290658Z AUG 75

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9085

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION GENEVA

USMISSION OECD PARIS

USDOC WASHDC

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GENEVA FOR MTN

USDOC FOR HAROLD MC NITT

E.O. 11652: N/A

TAGS: ECON, ETRD, FI

SUBJ: VOLUNTARY IMPORT REDUCTIONS

REF: HELSINKI 1523

BEGIN UNCLASSIFIED.

1. SUMMARY: MAJOR FINNISH TRADE ORGANIZATIONS HAVE AGREED TO REDUCE IMPORTS OF CONSUMER ITEMS TO EFFECT A SAVING OF AN ESTIMATED 3000 MILLION FINNMARKS FROM THE ESTIMATED 1975 LEVEL OF IMPORTS.

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PAGE 02 HELSIN 01904 290748Z

2. FOR THE THIRD TIME FINNISH PRESS REPORTS THAT THE MAJOR

CONSUMER TRADE ORGANIZATIONS, SOK, OTK, TUKO AND KESKO, AS WELL AS MANY SMALLER MEMBERS OF THE CENTRAL ASSOCIATIONS OF WHOLESALERS AND OF RETAILERS HAVE AGREED TO REDUCE THEIR IMPORTS OF FOODSTUFFS, TEXTILES AND CLOTHING, FOOTWEAR, AND HARDWARE, CHIEFLY BUILDING SUPPLIES. THE ESTIMATED SAVINGS ARE 300 MILLION FMK IN 1975.

3. THE GROUP HAS AGREED UPON LIMITS FOR IMPORTS OF SPECIFIC GOODS WITHIN THE FOUR CATEGORIES DURING 1975, SO THAT CERTAIN PRODUCTS WILL NO LONGER BE IMPORTED THIS YEAR AND OTHERS WILL BE IMPORTED ON A REDUCED BASIS OR FOR A SHORT TIME UNTIL THE LIMIT IS REACHED. THE LIMITS ARE SET IN CURRENT VALUES, SO REDUCTIONS IN VOLUME OF IMPORTS ARE CERTAIN. FOR EXAMPLE, THE VALUE OF IMPORTS OF TEXTILES AND CLOTHING IN 1975 WILL BE LIMITED TO THE FMK VALUE IN 1974 (APPROX. 1.6 BILLION FMK), WHICH AT CURRENT HIGHER PRICES MEANS A REDUCTION IN VOLUME. IT IS CURRENTLY PLANNED TO KEEP THIS 1974 LEVEL OF IMPORT EXPENDITURES THOUGH 1976 ALSO.

4. A SPOKESMAN FOR THE GROUP REFUSED TO FURTHER IDENTIFY THE SPECIFIC PRODUCTS AFFECTED OR TO DISCUSS THE LEVEL OF THE LIMITS, BUT STATED THAT IMPORTERS WHO HAVE AGENCY OR DISTRIBUTION RIGHTS FOR FOREIGN PRODUCTS MAY, AND SHOULD, ADVISE THEIR FOREIGN PRINCIPAL HOW ANY SUCH GOODS ARE AFFECTED.

5. THE AVAILABILITY OF DOMESTIC SUBSTITUTES PLAYED A ROLE IN THE SELECTION PROCESS. THE GROUP ESTIMATES THE SAVINGS OVER WHAT WOULD OTHERWISE BE SPENT ON IMPORTS IN THESE CATEGORIES IN 1975 AS 110 MILLION FMK IN TEXTILES AND CLOTHING, 80 MILLION FMK IN FOODSTUFFS (THROUGH MARCH 23, 1976), 10 MILLION FMK IN FOOTWEAR, AND 100 MILLION FMK IN HARDWARE. THERE FIGURES ARE VERY ROUGH ESTIMATES.

6. THE AGREEMENT ON RESTRICTIONS WILL REMAIN IN EFFECT THROUGH THE END OF 1976, EXCEPT FOR FOODSTUFFS WHICH WILL BE EFFECTIVE UNTIL MARCH 23, 1976, BUT OF LIMITED OFFICIAL USE

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PAGE 03 HELSIN 01904 290748Z

COURSE CAN BE CHANGED AT THE DISCRETION OF THE GROUP, PARTICULARLY IN MARCH 1976 WHEN THE IMPORT DEPOSIT SYSTEM IS SCHEDULED TO EXPIRE. END UNCLASSIFIED.

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7. COMMENT: MR. MATTI AURA, SPOKESMAN FOR THE GROUP, TOLD EMBOFF THAT THE ACTION WAS TAKEN AT

THE GROUP'S OWN INITIATIVE, BUT CONCEDED THAT THE GROUP WAS AWARE OF THE GOVERNMENT'S WISHES AND NEEDS. OFFICIALS, NOTABLY FOREIGN TRADE MINISTER ARVO RYTKONEN HAVE BEEN MAKING EXHORTATORY SPEECHES ABOUT REDUCING CONSUMPTION OF IMPORTED GOODS, AND THE VOLUNTARY REDUCTION IN IMPORTS FITS INTO THE GOVERNMENT'S NINE-POINT PROGRAM OF LAST SPRING, WHICH DEFINED IMPORT-SUBSTITUTION INVESTMENTS AS ONE GOAL. IT IS QUITE CLEAR THAT THE GROUP IS CONFIDENT THAT THE GOVERNMENT'S REACTION WILL BE FAVORABLE. IN ADDITION, THIS VOLUNTARY PROGRAM HAS THE ADVANTAGE OF BEING MORE EASILY ADAPTED TO CHANGING CIRCUMSTANCES THAN FORMAL LEGISLATION, A CIRCUMSTANCE DESIRABLE TO BUSINESS AND PROBABLY ALSO TO THE CURRENT "CARETAKER" GOVERNMENT.

8. BECAUSE THE RESTRUCTIONS ARE ON CONSUMER GOODS THE IMPACT OF THIS ACTION WILL FALL MORE HEAVILY ON WESTERN SUPPLIERS THAN EASTERN. US PRODUCED CANNED FOODSTUFFS COULD BE PARTICULARLY AFFECTED. END LIMITED OFFICIAL USE. AUSTAD

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**Disposition Case Number:** n/a  
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